

September 27, 2013

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VIA E-MAIL

Public Utilities Board
400 - 330 Portage Avenue
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Attention: Mr. Hollis Singh

Dear Sir:

Re: NFAT Round One IRs Motion Day
Our File: 13235

This is in response to MH's objection to IEC IR MPA - 0016a – c on the following grounds:

As discussed in the Technical Conference, IRRs were not used in the valuation or comparison of plans. To recreate the quilt and Figures as requested will require a significant amount of time, and will not provide value in considering the issues at hand.

In response to MH's objection, it is submitted that an IRR analysis is an appropriate and useful tool for the consideration of investors managing a portfolio of assets when considering a new investment (see for example, MH's NFAT filing Chapter 9, page 4).

MPA has been tasked in its scope of work to consider specifically, the cost, benefits and risks assumed by the Government of Manitoba as part of the MH proposed plan. It is therefore submitted that an IRR analysis, along with NPV analysis, is an appropriate element in MPA's work which is why the IRR at issue was requested. Should MH's objection of this IR stand, it would mean that MPA would have to undertake the analysis themselves to the best of their ability and given the information that is available.

Further, MPA submits that given that MH has produced detailed NPV calculations for all scenarios, it is suggested that they would have ready access to all the information required to calculate IRRs. The calculation of IRRs is mathematically closely related to NPV calculations and their dedicated economic financial models should be capable of efficiently performing the calculations.

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Counsel: The Honourable
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However, if a middle ground is contemplated, MPA would be willing to have a direct discussion with MH with respect to the basis for IRR calculations and if necessary, given the potential but unknown constraints with their systems, MPA would scale back the extent of its request for the calculation of IRRs to a small number of scenarios (rather than the full range they covered in figures cited in the IRR at issue).

Yours truly,

HILL SOKALSKI WALSH TRIPPIER LLP

Per:

A handwritten signature in blue ink, appearing to read 'Christian Monnin', with a stylized flourish at the end.

Christian Monnin*

CM/sch

c.c. PUB Counsel

c.c. Manitoba Hydro Counsel

c.c. Intervenors of Record

** services provided by Christian Monnin Law Corporation*